

## Message Text

CONFIDENTIAL

PAGE 01 STATE 219873  
ORIGIN TRSE-00

INFO OCT-01 AF-10 ISO-00 AID-05 CIAE-00 COME-00 EB-08  
FRB-03 INR-10 NSAE-00 ICA-11 XMB-02 OPIC-03 SP-02  
LAB-04 SIL-01 OMB-01 NSC-05 IO-13 /079 R

DRAFTED BY TREASURY/IDN/RBLAKE  
APPROVED BY AF/C:WLSWING  
TREASURY/L/CFBERGSTEN  
-----013414 300412Z /14

P 300021Z AUG 78  
FM SECSTATE WASHDC  
TO AMEMBASSY KINSHASA PRIORITY  
AMEMBASSY NAIROBI PRIORITY

C O N F I D E N T I A L STATE 219873

NAIROBI FOR ASSISTANT SECRETARY MOOSE

E.O. 11652:

TAGS: EFIN, IMF, CG

SUBJECT: MEETING BETWEEN CENTRAL BANK GOVERNOR BOFOSSA  
AND ASSISTANT SECRETARY BERGSTEN

1. CENTRAL BANK GOVERNOR BOFOSSA MET WITH TREASURY ASSIS-  
TANT SECRETARY BERGSTEN ON AUGUST 15. ALSO ATTENDING WERE  
AMBASSADOR KASONGO AND ROBERT BLAKE, ZAIRE DESK OFFICER AT  
TREASURY.

2. THE CENTRAL BANK GOVERNOR SAID THAT HE HAD BEEN SENT BY  
PRESIDENT MOBUTU TO CONTINUE DISCUSSIONS WITH THE IMF ON A  
STABILIZATION PROGRAM. HE THEN OUTLINED THE PROGRAM CON-  
TEMPLATED BY THE GOZ. THE PROGRAM WOULD GO BEYOND THE  
ESTABLISHMENT OF FINANCIAL AND MONETARY TARGETS AND AIM AT  
THE RECOVERY OF THE ZAIRIAN ECONOMY, PARTICULARLY THE MANU-  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 219873

FACTURING SECTOR. THE KEY FACTORS AFFECTING THE SUCCESS OF  
THE PROGRAM WOULD BE THE AVAILABILITY OF EXTERNAL FINANCE  
AND INTERNAL ADMINISTRATIVE REFORMS. IN THE LATTER CONTEXT,  
HE NOTED THE NEED TO CONTROL GOVERNMENT EXPENDITURES, AND  
DESCRIBED THE GOZ'S EFFORTS TO DATE TO ENSURE REPATRIATION  
OF FOREIGN EXCHANGE. THE GOVERNOR STRESSED THE ESSENTIAL  
NATURE OF THESE REFORMS AND THE GOVERNMENT'S OWN RESPONSI-

BILITY TO TAKE THESE MEASURES.

3. ONCE A STABILIZATION PROGRAM IS IN PLACE, THE ZAIRE GOVERNMENT INTENDS TO APPROACH PRIVATE AND OFFICIAL CREDITORS. IT HOPED THAT OFFICIAL CREDITORS WOULD CONSOLIDATE ZAIRE'S DEBT OVER A LONGER PERIOD THAN IN THE PAST AND THAT PRIVATE CREDITORS WOULD PROVIDE A BETTER ARRANGEMENT THAN THE PROPOSED CITIBANK LOAN. THE GOVERNOR NOTED THAT AS PRESENTLY STRUCTURED THE CITIBANK LOAN WOULD REQUIRE ZAIRE TO PAY \$196 MILLION IN ORDER TO RECEIVE AROUND \$220 MILLION, GIVING A NET BENEFIT OF ONLY \$20-24 MILLION. IN ADDITION, WITH THE BIS ACCOUNT AMOUNTING TO SOME \$90 MILLION, THE GOZ WOULD HAVE TO COME UP WITH \$100-110 MILLION TO ACTIVATE THE LOAN, A DIFFICULT TASK IN ZAIRE'S PRESENT CIRCUMSTANCES. THE GOZ'S INTENTION WAS TO USE THE BIS FUNDS TO PAY INTEREST ARREARAGES OWED PRIVATE BANKS AND THEN AFTER AN IMF AGREEMENT TO MEET WITH THE PRIVATE BANKS TO WORK OUT A BETTER ARRANGEMENT.

4. THE CENTRAL BANK GOVERNOR NOTED THAT U.S. GOVERNMENT OFFICIALS HEARD STATEMENTS OF GOOD INTENTIONS FROM ZAIRE GOVERNMENT OFFICIALS MANY TIMES BEFORE. HOWEVER, THIS TIME THE GOZ WAS SERIOUS; IT SIMPLY CANNOT AFFORD CONTINUED ECONOMIC DETERIORATION. WHAT WAS NECESSARY NOW WAS FOR THE GOZ TO TAKE CONCRETE ACTION TO DEAL WITH

CONFIDENTIAL

PAGE 03 STATE 219873

ITS ECONOMIC SITUATION. HE CLOSED BY EXPRESSING PRESIDENT MOBUTU'S APPRECIATION FOR PAST U.S. COOPERATION AND FOR WHAT THE U.S. WOULD DO IN THE FUTURE TO SUPPORT ZAIRE.

5. ASSISTANT SECRETARY BERGSTEN RESPONDED THAT THE U.S. GOVERNMENT REGARDED ZAIRE'S PRESENT ECONOMIC DIFFICULTIES SYMPATHETICALLY AND WOULD DO EVERYTHING WE COULD TO SUPPORT IT. WE WELCOMED THE REFORM STEPS THE GOZ HAD TAKEN TO DATE PARTICULARLY IN THE AREA OF ADMINISTRATIVE AND MANAGEMENT REFORM, MENTIONING SPECIFICALLY THE ARRIVAL OF PRINCIPAL DIRECTOR BLUMENTHAL. THE U.S. WAS ENCOURAGED THAT THE ZAIRE GOVERNMENT INTENDED TO REACH AGREEMENT WITH THE IMF AS WE SEE THIS AS THE CENTRAL ELEMENT IN ZAIRE'S RECOVERY PROGRAM. THE ASSISTANT SECRETARY THEN INQUIRED AS TO WHEN THE IMF PROGRAM WAS LIKELY TO BE IN PLACE. THE GOVERNOR REPLIED THAT HE HOPED THAT HIS VISIT TO WASHINGTON WOULD BE FOLLOWED BY THE SENDING OF A FUND MISSION TO KINSHASA IN LATE AUGUST OR EARLY SEPTEMBER, LEADING TO A FUND AGREEMENT BEFORE THE BRUSSELS MEETING IN OCTOBER.

6. TURNING TO THE CITIBANK ARRANGEMENT, THE ASSISTANT

SECRETARY NOTED THAT THE U.S. GOVERNMENT HAS NO DIRECT RELATIONSHIP WITH PRIVATE BANKS AND COULD NOT INFLUENCE THEIR DECISIONS IN SUCH MATTERS. WE DO, HOWEVER, UNDERSTAND THE ZAIRE GOVERNMENT'S POSITION IN THIS MATTER. REGARDING THE PARIS CLUB, ONCE AN IMF AGREEMENT WAS IN PLACE THE U.S. WOULD BE PREPARED TO PARTICIPATE IN A PARIS CLUB MEETING.

7. IN CONCLUSION, THE ASSISTANT SECRETARY EXPRESSED HIS BELIEF THAT THE SITUATION IN ZAIRE WAS NOT HOPELESS. WHAT WAS REQUIRED FOR A SOUND ECONOMY WAS THE RIGHT MANAGEMENT AND SOME OUTSIDE HELP. HE ASSURED THE CENTRAL BANK GOVERNOR OF OUR DESIRE TO COOPERATE IN THE DEVELOPMENT OF A SOUND ZAIRIAN ECONOMY. HE SPECIFICALLY ASKED THE GOVERNMENT TO

CONFIDENTIAL

PAGE 04 STATE 219873

NOR TO CONVEY TO PRESIDENT MOBUTU HIS THANKS FOR THE OPPORTUNITY TO TALK WITH HIM IN KINSHASA LAST APRIL AND HIS PLEASURE THAT THE PRESIDENT HAS BEGUN IMPLEMENTING A NUMBER OF THE MEASURES THAT THEY HAD DISCUSSED AT THAT TIME. THE CENTRAL BANK GOVERNOR REPLIED THAT HE WOULD TRANSMIT TO THE PRESIDENT ASSISTANT SECRETARY BERGSTEN'S COMMENTS. CHRISTOPHER

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CENTRAL BANK, MEETINGS, ECONOMIC PROGRAMS, SPECIALIZED AGENCIES (UN)  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 30 aug 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978STATE219873  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** IDN/RBLAKE  
**Enclosure:** DG ALTERED  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780353-0678  
**Format:** TEL  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t1978085/aaaaadse.tel  
**Line Count:** 143  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 39f16f61-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN TRSE  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 27 apr 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1697899  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MEETING BETWEEN CENTRAL BANK GOVERNOR BOFOSSA AND ASSISTANT SECRETARY BERGSTEN  
**TAGS:** EFIN, CG, IMF, (BOFOSSA WAMBEA NKOSO)  
**To:** KINSHASA NAIROBI  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/39f16f61-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014